

## LICENSE AGREEMENT

This License Agreement (the “**Agreement**”) is made this 20th day of February, 2020 (the “**Effective Date**”)

BETWEEN:

**FLOURISH MUSHROOM LABS INC.**, a company incorporated under the laws of British Columbia with a head office at Suite 200 – 1238 Homer Street, Vancouver, BC V6B 2Y5

(“**Licensor**”)

AND:

**Kingdom Brands Inc.**, a company incorporated under the laws of British Columbia with a head office at \_\_\_\_\_, Vancouver, BC

(“**Licensee**”)

(each a “**Party**”, together, the “**Parties**”)

WHEREAS:

- A. Licensor has the rights to certain proprietary technology and know-how related to the manufacture of extract from plant and fungi materials;
- B. Licensee desires to license such technology and know-how, for the United States, for manufacturing extract of fungi, specifically, mushrooms;
- C. Licensor desires to license such technology and know-how to Licensee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises and the faithful performance of the covenants herein contained, the receipt and sufficiency of which are hereby acknowledged by the parties, it is agreed as follows.

### 1. DEFINITIONS

For the purpose of this Agreement, the following definitions shall apply:

- 1.1 “**Applicable Law**” means all applicable provisions of laws, statutes, rules, regulations, published guidelines, standards, codes of practice and orders of all federal, provincial, state, municipal and local governmental bodies to which the Parties are bound or which apply to the Technology, the products, transactions or events that are the subject matter of this agreement.
- 1.2 “**Affiliate**” shall mean a corporation or other entity directly or indirectly controlled by, controlling or under common control with Licensor or Licensee.
- 1.3 “**Confidential Information**” means the Technology (as defined herein), as well as the terms and conditions of this Agreement, and any and all discoveries, inventions, formulas, recipes, processes, methods, techniques, know-how, trade secrets, and intellectual property and proprietary rights, expressed in whatever form and may include technical information, procedures, formulae, protocols, software, specifications, flowcharts, instructions, research, financial or marketing data, customer data, business plans, patent

applications, and other documents and materials, and all modifications, variations, updates, enhancements and improvements thereof, that are disclosed by one party to the other party during the Term. Confidential Information may include unique combinations of separate items, which individually may or may not be confidential.

- 1.4 “**Field**” shall mean mushrooms, of any type or variety, but shall not include plants.
- 1.5 “**Initial Public Offering Date**” or “**IPO Date**” means the date the securities of Flourish Mushroom Labs Inc. are listed on a Canadian exchange.
- 1.6 “**Intellectual Property Rights**” shall mean any and all Licensor rights in the Proprietary Technology, including any and all patents or patent applications currently owned or applied for in the future by Flourish exclusively claiming the Proprietary Technology.
- 1.7 “**Know-How**” shall mean, to the extent in the possession or control of Flourish, any knowledge necessary or useful for the development, making, having made, use, sale, offering to sell, having sold or importing of an extract from plant or fungus material in the Field, including all discoveries, data, results, information, trade secrets, ideas, concepts, formulas, techniques, methods, processes, developments, expertise, formulas, technology, stability data, research, regulatory information, manufacturing process, scale-up and other technical data, reports, documentation and samples, whether or not patented or patentable, pertaining to the preparation of an extract from plant or fungus material in the Field
- 1.8 “**License**” has the meaning ascribed thereto in Section 2.1;
- 1.9 “**Proprietary Technology**” sometimes referred to merely as “**Technology**”, shall mean any and all intellectual property, including Know-How, formulations, methods, techniques, technology, technological developments, processes, or other confidential information, currently in the possession or control of Flourish, related to the preparation of an extract from plant or fungus material.
- 1.10 “**Term**” has the meaning ascribed thereto in Section 11;
- 1.11 “**Territory**” means the United States.

## 2. LICENSES

- 2.1 Grant of License. Subject to the provisions of this Agreement, Licensor grants to Licensee a non-exclusive, non-transferable, non-assignable, non-royalty bearing license to all Proprietary Technology, including a license to all Intellectual Property Rights therein, limited to the Field and Territory. This license shall include a limited right to sublicense as provided in section 2.2 (the “**License**”), and Licensee accepts such License.
- 2.2 Right to Sublicense. Subject to Licensor’s prior written consent in each instance and Licensee’s compliance with the confidentiality provisions herein, the License shall be sublicensable to third parties by Licensee within the Field and Territory.
- 2.3 Licensee will take all reasonable precautions to prevent its sublicensees and subcontractors from using the Proprietary Technology in any way that would constitute a breach of this Agreement including, without limitation, such precautions as Licensee would otherwise take to protect its own proprietary information, trade secrets and intellectual property.
- 2.4 Licensor Rights and Ownership. For the avoidance of doubt, Licensor may use and license the Proprietary Technology in any way for any purpose whatsoever and retains ownership of the Technology and all Intellectual Property Rights.

- 2.5 License to Improvements. Licensee grants Licensor a perpetual, sub-licenseable, royalty-free, payment free license to any and all future improvements Licensee makes to the Proprietary Technology. Licensee shall promptly disclose any such improvements to Licensor.

**3. INTENTIONALLY OMITTED.**

**4. CONSIDERATION**

- 4.1 The total consideration to be paid by Licensee to Licensor for the License granted herein is \$500,000 CAD payable in 5 million common shares of Licensee at \$0.10 per share.
- 4.2 For the consideration payable as 5 million common shares of Licensee (the “**Shares**”), the Shares shall be issued at the Closing immediately after the Technology is disclosed by Licensee. The Shares shall be subject to escrow pursuant to NP 46-201 and released as follows:

<u>Date Shares Released</u>	<u>% Released</u>
IPO Date	10%
IPO Date + 6 mos	1/6 of the remaining escrow Shares
IPO Date + 12 mos	1/5 of the remaining escrow Shares
IPO Date + 18 mos	1/4 of the remaining escrow Shares
IPO Date + 24 mos	1/3 of the remaining escrow Shares
IPO Date + 30 mos	1/2 of the remaining escrow Shares
IPO Date + 36 mos	The remaining escrow Shares

Licensor will enter into a separate written escrow agreement for this purpose as requested by Licensee.

**5. INTELLECTUAL PROPERTY**

- 5.1 Notwithstanding anything else in this Agreement, ownership of the Technology and all Intellectual Property Rights, including all updates, enhancements, derivative works or modifications thereto or thereof developed by the Licensor, shall be and remain the property of the Licensor.

**6. REPRESENTATIONS AND WARRANTIES**

- 6.1 Licensor represents, warrants and covenants that:
- (a) it has the authority to enter into this Agreement and perform its obligations under this Agreement;
  - (b) entering into and performance of this Agreement will not conflict with, or reach, any express or implied obligation or duty owed to any other person;
  - (c) the Technology is free and clear of all liens and encumbrances; and
  - (d) to the best of its knowledge and belief, the Technology does not, as of the date hereof, infringe on any patent, copyright, trade secret or other intellectual property right of a third party.

6.2 EXCEPT AS SET FORTH IN THIS SECTION 6, LICENSOR MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE FORMULATIONS OR TECHNOLOGY OR THEIR SAFETY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR USE BY LICENSEE OR COMPLIANCE WITH APPLICABLE LAW. LICENSOR FURNISHES THE ABOVE WARRANTIES IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NO EMPLOYEE, AGENT, REPRESENTATIVE OR AFFILIATE OF LICENSOR HAS AUTHORITY TO BIND LICENSOR TO ANY ORAL REPRESENTATIONS OR WARRANTY CONCERNING THE LICENSED RIGHTS. ANY WRITTEN REPRESENTATION OR WARRANTY NOT EXPRESSLY CONTAINED IN THIS LICENSE AGREEMENT WILL NOT BE ENFORCEABLE.

6.3 Licensee represents, warrants and covenants that:

- (a) it has all requisite power, authority and right to enter into and deliver this Agreement and to perform its obligations hereunder;
- (b) it is a valid and subsisting corporation under the laws of its jurisdiction of incorporation, has all necessary power to own its property and carry on its business, and is duly licensed and registered to carry on business in each of the jurisdictions in which it operates; and
- (c) entering into and performance of this Agreement will not conflict with, or breach, any express or implied obligation or duty owed to any other person.

**7. LIMITATION OF LIABILITY**

IN NO EVENT WILL A PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, LOSS OF DATA, OR COSTS IN CONNECTION WITH OR ARISING OUT OF THE FURNISHING, PERFORMANCE OR USE, AS APPLICABLE, OF THE FORMULATIONS FURNISHED HEREUNDER OR FOR BREACH OF THIS LICENSE AGREEMENT, WHETHER ALLEGED AS A BREACH OF CONTRACT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR SUCH DAMAGES MAY HAVE BEEN FORSEEABLE. IN ANY EVENT, EXCEPT FOR LICENSOR'S INDEMNITY OBLIGATIONS SET FORTH IN SECTION 9 OF THIS AGREEMENT, THE LIABILITY OF LICENSOR UNDER THIS LICENSE AGREEMENT FOR DAMAGES SHALL NOT EXCEED TEN THOUSAND (\$10,000) DOLLARS IN THE AGGREGATE.

**8. INTENTIONALLY DELETED**

**9. INDEMNITY**

9.1 Subject to the limitations of liability and other provisions contained in this Agreement, Licensor agrees to indemnify, defend and hold harmless Licensee, its officers, directors, employees and agents ("**Licensee Indemnitees**"), from any liabilities, penalties, demands, or claims (including the costs, expenses, and reasonable legal fees on account thereof) that may be made by any third party for personal bodily injuries that are determined to have resulted from the Licensor's gross negligence or willful acts or omissions with respect solely to the Technology as provided to Licensee hereunder and without any subsequent modification or variation of the Technology whatsoever by Licensee or others. The Licensee Indemnitees agree to notify Licensor promptly of any written claims or demands against the Licensee Indemnitees for which Licensor is responsible hereunder. This paragraph shall

survive any expiration or termination of this Agreement.

- 9.2 Licensee agrees to indemnify, defend and hold harmless Licensor, its subsidiaries, parent company, affiliates, and each of their respective officers, directors, employees and agents (“**Licensor Indemnitees**”), from any liabilities, penalties, demands, investigations or claims (including the costs, expenses, and reasonable legal fees on account thereof) that may be initiated or made by any third party for product liability or personal bodily injuries relating to the Technology or anything made using the Technology, in whole or part, except as provided in paragraph 9.1 above. The Licensor Indemnitees agree to notify Licensee promptly of any written claims or demands and the Licensor Indemnitors for which Licensee is responsible hereunder. This paragraph shall survive any expiration or termination of this Agreement.

## **10. CONFIDENTIALITY**

- 10.1 Each of the Parties shall use reasonable efforts (and, in any event, efforts that are no less than those used to protect its own Confidential Information) to protect from disclosure of the Confidential Information of the other. Each of the Parties shall divulge such Confidential Information only to its employees or agents who require access to it for the purposes of this Agreement or as otherwise provided in this Agreement. In any event, the Licensee shall only allow access to the Confidential Information of Licensor to those individuals who have first signed an appropriate confidentiality covenant and acknowledgement. This Section shall survive the termination of this Contract.
- 10.2 If the receiving Party is compelled pursuant to legal, judicial, or administrative proceedings, or otherwise required by law, to disclose Confidential Information of the disclosing Party, the receiving Party shall use reasonable efforts to (i) seek confidential treatment for such Confidential Information, and (ii) provide prior notice to the disclosing Party to allow the disclosing Party to seek protective or other court orders.
- 10.3 In the event of actual or threatened breach of this Section 11, the non-breaching party will be entitled to immediate and injunctive and other equitable relief, without the necessity of showing actual money damages.

## **11. TERM**

The term of this Agreement shall be twenty-five (25) years, unless earlier terminated in accordance with Section 12.

## **12. TERMINATION**

### **12.1 Termination by Licensee.**

Licensee may terminate this Agreement and the license granted herein:

- (a) for convenience, provided that the Licensee shall not be in default hereunder, by giving Licensor fifteen (15) days’ written notice of its intention to do so. Such termination shall not operate to relieve Licensee from its obligation to satisfy any other obligations prior to the date of such termination;
- (b) for default in the performance of any material obligation contained in this Agreement on the part of Licensor to be performed and such default shall continue for a period of thirty (30) days after Licensee shall have given to Licensor written notice of such default.

### **12.2 Termination by Licensor.**

Licensor may terminate this Agreement and the Licenses granted herein, or may terminate only one of the Licenses granted herein, in Licensor's discretion, in case of:

- (a) Licensee's breach of section 10 (Confidentiality) of this Agreement, by providing written notice to Licensee;
- (b) Licensee's use of the Technology in violation of any the terms of the Licenses granted herein, and such breach or improper use shall continue for a period of (21) days after Licensor shall have given to Licensee written notice of such breach;
- (c) default in the performance of any other material obligation contained in this Agreement on the part of Licensee to be performed and such default shall continue for a period of thirty (30) days after Licensor shall have given to Licensee written notice of such default; or
- (d) release of a judgment by a court of competent jurisdiction that Licensee is bankrupt or insolvent.

### 12.3 Effect of Termination.

Termination of this Agreement or any License granted herein shall not in any way operate to impair or destroy any of Licensee's or Licensor's right or remedies, either at law or in equity, or to relieve Licensee of any of its obligations hereunder. No amounts paid under this License Agreement are refundable, whether terminated by either party and regardless of the reason for termination.

### 12.4 Effect of Delay, Etc.

Failure or delay by either party to exercise its rights of termination hereunder by reason of any default by the other party in carrying out any obligation imposed upon it by this Agreement shall not operate to prejudice such party's right of termination for any other subsequent default by the other party.

### 12.5 Return of Licensed Rights.

Upon termination of this Agreement, Licensee's license granted herein shall automatically terminate and all copies of the Formulations and Technology in any format or medium shall be returned to Licensor.

## 13. **INTELLECTUAL PROPERTY LITIGATION**

### 13.1 Initiation.

With respect to any infringement of the patents, copyrights or other Intellectual Property Rights, whether registered or not, related to the Technology, the Licensee shall have the right to prosecute in its own name and at its own expense any infringement of such patent, copyright or other intellectual property rights, and the Licensor may provide a written request to the Licensee to do so. The Licensee shall notify the Licensor promptly of each infringement of such patents, copyrights or other intellectual property rights of which the Licensee is or becomes aware. Before the Licensee commences an action with respect to any such infringement, the Licensee shall give careful consideration to the view of the Licensor in making its decision whether or not to sue.

### 13.2 Action.

- (a) If the Licensee elects to commence an action as described above, the Licensor may, to the extent permitted by law, elect to join as a party in that action. Regardless of whether the Licensor elects to join as a party, the Licensor shall cooperate fully with the Licensee in connection with any such action.

- (b) If the Licensor elects to join as a party pursuant to subparagraph (a), the Licensor shall jointly control the action with the Licensee.
- (c) The Licensee shall reimburse the Licensor for any costs the Licensor incurs, including reasonable attorney's fees, as part of an action brought by the Licensee, irrespective of whether the Licensor becomes a co-plaintiff.
- (d) No settlement, consent judgement or other voluntary final disposition of the suit may be entered into by the Licensee without the prior written consent of the Licensor, regardless of whether the Licensor elected to join the action as a party.

13.3 Expenses and proceeds of litigation

Recoveries or reimbursements from actions commenced pursuant to this Section 14 shall first be applied to reimburse the Licensee and the Licensor for litigation costs. Any remaining recovering or reimbursements shall be kept wholly by the Licensee if the Licensor did not join the action as a party, and equally by the Licensee and the Licensor if the Licensor elected to join the action as a party.

13.4 Licensor's right to sue.

If Licensee fails to commence suit on a substantial infringement of the patents, copyrights, or other Intellectual Property Rights hereunder within thirty (30) days after the receipt of Licensor's written request to do so, the Licensor shall have the right to bring and prosecute such suit(s) at its sole cost and expense through attorneys of its selection, in its own name, and all sums received or recovered by the Licensor in or by reason of such suits shall be retained by the Licensor. The Licensee shall cooperate fully with the Licensor in connection with any such action.

**14. MISCELLANEOUS**

14.1 Further Assurances.

The parties shall execute such further and other documents and do such further and other things as may be necessary to carry out and give effect to the intent of this Agreement.

14.2 Interpretation of certain terms.

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice-versa, words importing gender include all genders and the word "including" is not limiting (whether or not non-limiting language is used with reference thereto).

14.3 Sections and Headings.

The division of this Agreement into sections, subsections and paragraphs and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference herein to a particular section, subsection, paragraph or schedule refers to the section, subsection, paragraph of or schedule to this Agreement.

14.4 Notices.

All notices or other communications required or permitted to be given under this Agreement shall be in writing and be effectively given if delivered personally, sent by prepaid private courier or sent by registered mail to the following:

If to the Licensor:            Flourish Mushroom Labs Inc  
   #200 – 1238 Homer Street

Vancouver, BC V6B 2Y5

Attention: Penny White

With a courtesy copy to amy@yieldgrowth.com

If to the Licensee: Kingdom Brands Inc.  
\_\_\_\_\_Howe Street  
Vancouver, BC

Attention: Will White

Any notice delivered personally or sent by courier service shall be deemed to have been received at the time it is delivered, and any notice sent by registered mail shall be deemed to have been received three (3) business days following the sending.

14.5 Currency.

All references to currency are in the lawful money of Canada unless otherwise specified.

14.6 Taxes.

Licensee shall be responsible for all sales, goods and services, use, excise or other taxes, tariffs, duties or assessments, including interest and penalties, levied or imposed at any time by any governmental authority arising from or related to the grant of the License under this Agreement, other than Licensor's income tax.

14.7 Enurement and Assignment.

This Agreement shall enure to the benefit of and be binding upon each of the parties hereto and their respective successors and permitted assigns. Neither the Licensor nor the Licensee may assign or transfer its rights and obligations under this Agreement without the prior written consent of the other party, save for the Licensee's right to Sublicense this Agreement to a sublicensee.

14.8 Entire Agreement.

The provisions of this Agreement constitute the entire agreement between the parties with respect to the subject matter contained herein and supersedes all previous communications, representations and agreements, whether oral or written, between the parties with respect to the subject matter of this Agreement.

14.9 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, and the parties irrevocably attorn to the exclusive jurisdiction of the courts of British Columbia to adjudicate all matters arising hereunder.

14.10 Compliance with Laws.

The Parties will comply with all Applicable Laws in the exercise of its rights and the performance of its obligations under this Agreement. The Parties agree to make any amendments necessary to this Agreement in order to comply with all Applicable Laws.



Counterparts. This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

***Signed by the Licensor***

**FLOURISH MUSHROOM LABS INC.**

BY: */s/ "Penny White"*

---

Penny White  
CEO, President & Director

***Signed by the Licensee***

**KINGDOM BRANDS INC.**

BY: */s/ "William White"*

---

Authorized Signatory

William White

---

Name

President & CEO

---

Title

